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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

-against-

PETER SON

Defendant.

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EASTERN DISTRICT OF NEW YORK, SS:

COMPLAINT AND AFFIDAVIT
IN SUPPORT OF
APPLICATION FOR ARREST
WARRANT

(Title 18, U.S.C.,
Section 501)

EDUARDO GELPI, being duly sworn, deposes and says that he is a Postal Inspector with the United States Postal Inspection Service, duly appointed according to law and acting as such.

On or about and between October 5, 2011 and June 19, 2012 within the Eastern District of New York, the defendant PETER SON did knowingly make, print, use and sell forged and counterfeited postage stamps.

(Title 18, United States Code, Section 501)

The source of your deponent's information and the grounds for his belief are as follows:¹

1. I am a United States Postal Inspector assigned to the New York Division of the United States Postal Inspection Service. I have been a Postal Inspector since September 2006;

¹ Because the purpose of this affidavit is to set forth only those facts necessary to establish probable cause, I have not set forth all the facts and circumstances of which I am aware.

and am currently assigned to a revenue investigation team that investigates fraud against the United States Postal Service ("USPS" or "Postal Service"). Based upon my training, experience, and discussions with other Postal Inspectors, I am familiar with the rules and regulations governing the USPS, including those pertaining to the acceptance, classification, sorting and the delivery of mail, the methods used to commit fraud against the USPS, and the documents and other records that frequently evidence such fraud. I have five and one half years of experience in postal auditing and investigations into the creation and use of counterfeit or forged postage stamps. I also have participated in or conducted recent criminal investigations concerning mailers defrauding the USPS of the lawful rate of postage.

2. I am the case agent for the investigation into the criminal activities of defendant PETER SON.

THE INVESTIGATION

Background Regarding Postage Meters

3. Based on my training, experience, and discussions with Postal Inspectors knowledgeable about postage payment methods, I have become familiar with postal regulations and procedures governing the payment of postage and the different means of depositing mail with the USPS. Specifically, I have learned the following:

a. The USPS provides for mailers to use postage evidencing systems (or "electronic postage meters") to affix "postage indicia" to a piece of mail.² The USPS regulates these metered postage systems in order to protect postal revenue. Only USPS-authorized manufacturers or product service providers may design, produce, and distribute electronic postage meters. Pursuant to Title 18, United States Code, Section 501, misuse of electronic postage meters to avoid the proper payment of postage is a violation of federal law.

b. The USPS has developed an infrastructure to monitor and regulate electronic postage meters when used by the public. Only authorized providers are allowed to make electronic postage meters available to the public. These authorized providers, in turn, support the USPS in user licensing and maintaining customer information required by the USPS to ensure the proper payment of postage, to set and reset the meters with postage, and to provide inventory management. The USPS and the authorized electronic postage meter providers cooperate to accomplish these functions. Each electronic postage meter approved by the USPS and issued by a USPS-authorized manufacturer

² As used herein, the word "indicia" is a term of art used by the USPS to refer to the collective information contained in the label generated by a postage meter. Postage indicia are also referred to as "meter stamps" or "metered postage impression" or "meter shipping labels."

must contain a unique serial number that is used to monitor the activities of each meter.

c. A USPS customer leases an electronic postage meter from a USPS authorized manufacturer or an approved distributor. As part of the electronic postage meter agreement, the electronic postage meter user acquires a license allowing the user permission to use the postage meter. Through a variety of means, postage is purchased in advance, and a corresponding credit is entered into the postage meter. A register on the meter indicates the amount of postage used ("ascending register") and a second register indicates the remaining amount of postage available on the meter ("descending register"). As postage is used, the ascending and descending registers adjust by the corresponding amounts. The postage issued from the electronic postage meter can either be printed directly onto the mail or onto an electronic postage meter strip or label, which is affixed to the mail. After the amount of postage set onto the electronic postage meter is used up, the electronic postage meter must be reset.

d. The USPS has approved certain electronic components in postage meters known as "postal security devices" ("PSDs") for managing the registers and accounting for postal funds in electronic postage meters. The USPS has also authorized "information-based indicia" ("IBI") meters for companies with

electronic postage meter licenses that utilize computer-based programs to generate postage labels. The USPS allows companies with electronic postage meter licenses to use personal computers ("PCs") as long as they have an account with a USPS-approved postage meter provider, i.e., one which utilizes IBI-generated meter indicia. In order for a company to utilize PCs to produce postage labels with the appropriate IBI meter indicia, a licensing agreement between the company and a USPS-approved meter provider is required.

e. IBI meters generate digital indicia that include both human-readable information and a USPS-approved two-dimensional barcode, and other USPS-approved symbols with a digital signature and other required data fields. One of the USPS-approved digital indicia is a two-dimensional barcode known as a "PDF417." The PDF417 barcode contains certain electronically-readable indicia of validity, such as a digital signature, the amount of postage paid by the account holder, the date of mailing, and certain meter register control numbers. The PDF417 barcode can only be read by an electronic scanning device. In addition, shipping labels utilizing the PDF417 barcode include certain human-readable features such as the weight of the package, the date the label was printed, the postal zone of destination, the origination zip code, and the meter number.

f. Endicia.com is a USPS-approved IBI meter provider. Endicia.com issues licenses to individuals and companies who utilize PCs to generate meter postage labels. PC-generated meter postage labels are sometimes referred to as "online shipping labels."

g. The online shipping label generated by an Endicia.com user contains, for each individual piece of mail, among other things, a unique, electronically-readable PDF417 barcode. Encoded within the PDF417 barcode is the amount of postage paid for the mail piece, the date of the mailing, and the unique ascending and descending registers, as well as the user's account number, or "meter number." Accordingly, each PDF417 barcode is unique. No two online shipping labels should contain the same PDF417 barcode. The Endicia.com online shipping label also contains human-readable data such as the date of mailing, the weight of the mail piece and the postal zone of origin, in order to permit postal employees to review the mail piece for proper date and weight.

h. Should an online shipping label be altered, forged or counterfeited to represent data other than the information generated by the PC postage meter system, the USPS could be defrauded of the lawful rate of postage for the mailing and delivery of the mail piece.

Investigation Regarding Peter B. Son

4. On or about November 2011, the United States Postal Inspection Service was alerted to the duplication of online shipping label indicia by an internal monitoring system of the USPS that discovered Priority pieces of mail had entered the United States mail system without proper payment of postage. Specifically, identical PDF417 barcodes were found on a number of the Priority pieces of mail. The PDF417 barcodes had been issued through Endicia.com in or around November 2011. The Priority pieces of mail identified in or around November 2011 carried prices of \$4.95, \$10.95, and \$13.95. The PDF417 barcode on the online shipping labels for each of those Priority mail pieces contained encoded information indicating the meter number for the user account ending in 706980. I subsequently learned, through a review of USPS records, that the meter number ending 706980 is registered to "Son". I subsequently contacted Endicia.com, and learned that the meter had been obtained by Peter Son.

5. In December 2011, I learned that meter number ending 706980 was used for online shipping labels for products sold through Amazon.com. I reviewed Amazon.com, and discovered products being sold using an account under the name of "Mags Universe."

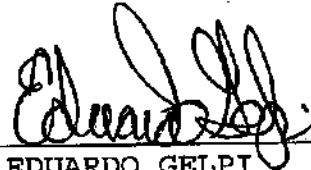
6. In January 2012, acting in an undercover capacity, I purchased a magazine from "Mags Universe" through Amazon.com.

I received the magazine, which was shipped using Priority Mail, and contained an online shipping label. That online shipping label had 2788 Ocean Avenue Brooklyn, New York 11229 as the return address. A scan of the online shipping label revealed that the PDF417 barcode had been used previously. Moreover, the PDF417 was issued through meter number ending 706980. As I learned from Endicia.com, account number ending 706980 is registered to Peter Son at 2788 Ocean Avenue Brooklyn, New York 11229.

7. To date, based upon my review of the mail pieces delivered to the Bay Station Post Office in Brooklyn, New York, I believe that Peter Son has defrauded the USPS of approximately \$94,000 between approximately October 5, 2011 and June 19, 2012.

8. On June 20, 2012, I interviewed the defendant who waived his Miranda rights orally and in writing. He admitted that he began counterfeiting postage for his business since January 2012; that he would print a genuine postage indicia amount with a mailing label and cut off the indicia; that he would print all his mailing labels for that day's mail; that he would then align the cut off postage indicia with each mailing label and make a photocopy with an ordinary printer/copier; and that the new label containing the counterfeited postage was then affixed to either a Priority Mail Flat Rate Envelope or Flat Rate Box and mailed.

Wherefore, it is respectfully requested that a warrant be issued for the arrest of defendant PETER SON so that he may be dealt with according to law.



EDUARDO GELPI
POSTAL INSPECTOR
United States Postal
Inspection Service

Sworn to before me this
23 day of July, 2012

Honorable Joan M. Azrack
UNITED STATES MAGISTRATE JUDGE
EASTERN DISTRICT OF NEW YORK